



# Illinois-American Water Company

300 No. Water Works Dr. • P.O. Box 24040 • Belleville, IL 62223-9040 • (618) 236-1180 • FAX (618) 236-1186  
or (618) 236-1547

September 20, 2002

**BY PERSONAL DELIVERY**

Ms. Donna M. Caton  
Chief Clerk  
Illinois Commerce Commission  
527 East Capitol Avenue  
Springfield, Illinois 62701

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ILLINOIS COMMERCE COMMISSION  
CHIEF CLERK'S OFFICE

Re: Illinois-American Water Company, Proposed General  
Increase in Water and Wastewater Rates

Dear Ms. Caton:

Attached hereto for filing September 20, 2002, to become effective on and after November 4, 2002, an original and one (1) copy each of the following sheets for the Schedule of Rates of Illinois-American Water Company ("Illinois-American" or the "Company") for water and wastewater Service (ILL. C.C. 1 for the former United Water Illinois Inc.; ILL. C.C. No. 4 and ILL. C.C. No. 5 for the former Citizens Utilities Company of Illinois (d/b/a Citizens Water Resources); ILL.C.C. No. 5 for the former Northern Illinois Water Corporation); and ILL.C.C. No. 22:

**ILLINOIS-AMERICAN (formerly United Water Illinois Inc.) ILL.C.C.**  
**NO. 1**

First Revised Sheet No. 1  
Canceling Original Sheet No. 1

First Revised Sheet No. 1.1  
Canceling Original Sheet No. 1.1

First Revised Sheet No. 2  
Canceling Original Sheet No. 2

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ILLINOIS-AMERICAN ILL.C.C. NO. 1 (Cont'd)

First Revised Sheet No. 3  
Canceling Original Sheet No. 3

Third Revised Sheet No. 4  
Canceling Second Revised Sheet No. 4

First Revised Sheet No. 4.1  
Canceling Original Sheet No. 4.1

First Revised Sheet No. 23  
Canceling Original Sheet No. 23

First Revised Sheet No. 24  
Canceling Original Sheet No. 24

ILLINOIS-AMERICAN (formerly Citizens Utilities Company of  
Illinois) (d/b/a Citizens Water Resources) ILL.C.C. NO. 4

Second Revised Sheet No. 36  
Canceling First Revised Sheet No. 36

Second Revised Sheet No. 37  
Canceling First Revised Sheet No. 37

First Revised Sheet No. 38  
Canceling Original Sheet No. 38

First Revised Sheet No. 45  
Canceling Original Sheet No. 45

First Revised Sheet No. 46  
Canceling Original Sheet No. 46

First Revised Sheet No. 47  
Canceling Original Sheet No. 47

Second Revised Sheet No. 49  
Canceling First Revised Sheet No. 49

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ILLINOIS-AMERICAN (formerly Citizens Utilities Company of  
Illinois) (d/b/a Citizens Water Resources) ILL.C.C. NO. 5

Fifth Revised Sheet No. 37  
Canceling Fourth Revised Sheet No. 37

Second Revised Sheet No. 53  
Canceling First Revised Sheet No. 53

First Revised Sheet No. 58  
Canceling Original Sheet No. 58

Second Revised Sheet No. 59  
Canceling First Revised Sheet No. 59

ILLINOIS-AMERICAN (formerly Northern Illinois Water Corporation)  
ILL.C.C. NO. 5

Thirtieth Revised Sheet No. 1  
Canceling Twenty-ninth Revised Sheet No. 1

Seventeenth Revised Sheet No. 1.1  
Canceling Sixteenth Revised Sheet No. 1.1

Twenty-fifth Revised Sheet No. 2  
Canceling Twenty-fourth Revised Sheet No. 2

Twenty-second Revised Sheet No. 2.1  
Canceling Twenty-first Revised Sheet No. 2.1

Twentieth Revised Sheet No. 2.3  
Canceling Nineteenth Revised Sheet No. 2.3

Eleventh Revised Sheet No. 2.7  
Canceling Tenth Revised Sheet No. 2.7

Third Revised Sheet No. 2.10  
Canceling Second Revised Sheet No. 2.10

Third Revised Sheet No. 2.11  
Canceling Second Revised Sheet No. 2.11

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ILLINOIS-AMERICAN ILL.C.C. NO. 5 (Cont'd)

Thirtieth Revised Sheet No. 8  
Canceling Twenty-ninth Revised Sheet No. 8

Seventh Revised Sheet No. 8.1  
Canceling Sixth Revised Sheet No. 8.1

Seventh Revised Sheet No. 8.2  
Canceling Sixth Revised Sheet No. 8.2

Fifth Revised Sheet No. 8.3  
Canceling Fourth Revised Sheet No. 8.3

Twenty-third Revised Sheet No. 10  
Canceling Twenty-second Revised Sheet No. 10

Fourteenth Revised Sheet No. 10.2  
Canceling Thirteenth Revised Sheet No. 10.2

Twenty-third Revised Sheet No. 11  
Canceling Twenty-second Revised Sheet No. 11

Twenty-sixth Revised Sheet No. 13  
Canceling Twenty-fifth Revised Sheet No. 13

Fifteenth Revised Sheet No. 14  
Canceling Fourteenth Revised Sheet No. 14

Twenty-third Revised Sheet No. 18  
Canceling Twenty-second Revised Sheet No. 18

Twenty-first Revised Sheet No. 19  
Canceling Twentieth Revised Sheet No. 19

Fourteenth Revised Sheet No. 19.2  
Canceling Thirteenth Revised Sheet No. 19.2

Eighth Revised Sheet No. 21  
Canceling Seventh Revised Sheet No. 21

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ILLINOIS-AMERICAN ILL.C.C. NO. 22

Third Revised Sheet No. 21.1  
Canceling Second Revised Sheet No. 21.1

Eighth Revised Sheet No. 1  
Canceling Seventh Revised Sheet No. 1

Seventh Revised Sheet No. 2  
Canceling Sixth Revised Sheet No. 2

Ninth Revised Sheet No. 3  
Canceling Eighth Revised Sheet No. 3

Thirteenth Revised Sheet No. 4  
Canceling Twelfth Revised Sheet No. 4

Seventh Revised Sheet No. 7  
Canceling Sixth Revised Sheet No. 7

Fourth Revised Sheet No. 16.1  
Canceling Third Revised Sheet No. 16.1

Ill.C.C. Nos. 1, 4, 5 and 22 contain original and revised tariff sheets which include changes in rates applicable to all districts of the Company.

The new rates are designed to increase the Company's annual revenue by approximately \$36,256,254, an increase of about 24.96%. The proposed increase in rates will effect approximately 309,241 customers. As the enclosed testimony (Exhibits 1.0 & 2.0) explains, the requested increase is necessary to permit the Company to recover its operating expenses, including enhanced security for ongoing protection of the Company's facilities from acts of terrorism, and to provide the Company with an opportunity to earn a fair return on its investment in utility plant. The Company's last rate order was issued in February of 2001 for eight (8) of its districts, December of 1997 for the Cook District, January of 1995 for the Lincoln District which was formerly United Water Illinois Inc. and September of 1995 for the Chicago Metro Division which was formerly Citizens Utilities

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Company of Illinois. The rate orders issued in these Dockets were based on test years of 2001, 1998, 1995 and 1993. Since that time, the Company's expenses and rate base have increased significantly. Operation and maintenance expenses for the 2003 test year used in this filing exceed the operation and maintenance expenses allowed in the last case by more than \$32,435,000. Test year depreciation expense exceeds the depreciation expense allowed in the last rate case by over \$4,900,000 due to new plant in service. The company's test year rate base exceeds that approved in the last case by over \$85,170,000. Recognition of the increased expenses and rate base in rates is necessary to enable the company to continue to provide quality service to its customers.

In the filing, the Company is proposing across-the-board revisions to all rates for all districts, in accordance with revenue requirements applicable to each rate area. The use of a single, or uniform, rate tariff applicable to all districts in the Southern Division was approved by the Commission in Docket No. 92-0116. In Docket No. 95-0076, the Commission approved the proposal of the Company and Staff to begin movement to include the Peoria District in the single-tariff pricing for the Southern Division. That movement was continued in the Company's most recent prior rate case, Docket No. 97-0102. In the present case, the Peoria District remains in single-tariff pricing, but at this time no further change to rate blocks has been proposed. The Company has presented the Streator District under the Southern Division's rates and block structure.

Also enclosed are two (2) copies of the testimony and exhibits of Illinois-American Water Company's witnesses and schedules of Staff's proposed revised Parts 285, 286 and 287.

Concurrently with this filing, the Company has posted public notice of the proposed changes in accordance with 83 Ill. admin. Code 255. Also, the Company will cause notice of this filing to be published in secular newspapers in areas where there are customers affected by the filing in accordance with the provisions of 83 Ill. admin. Code 255. The Company will also send to each of its customers notification of this filing in the first bill issued after the filing date.

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Copies of this letter with enclosures are attached for the Director of Rate design Section and the Director of Accounting of the Public Utilities Division.

Please send a copy of all notices and orders to each of the following:

Mr. R. D. Stafford  
Director - Rates and Revenue  
Illinois-American Water Company  
300 North Water Works Drive  
Belleville, Illinois 62223

Sue A. Schultz, Esq.  
General Counsel  
Illinois-American Water Company  
300 North Water Works Drive  
Belleville, Illinois 62223

Daniel J. Kucera  
Chapman and Cutler  
111 West Monroe Street  
Chicago, Illinois 60603-4080

I am also enclosing a copy of this letter with attachments for your convenience in acknowledging receipt thereof.

Very truly yours,



Ronald D. Stafford  
Assistant Treasurer

MAR/  
Enclosures

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